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September 29, 2015

Re: FY 2015 GASB 68 information

To all Massachusetts Municipal and Regional Treasurers:

This is the FINAL report and pension allocation schedules for the Massachusetts Teachers' Retirement System (MTRS) that are required under Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Reporting for Pensions—An Amendment of GASB Statement No. 27, which is being implemented in FY15 GAAP-basis financial statements. The final report and allocation schedules have been reviewed and attested to by KPMG, the Commonwealth's independent auditor; the amounts in the schedules have not changed from the draft report dated September 21, 2015, which was released last week. The MTRS worked in cooperation with the Office of the State Comptroller (OSC), KPMG, and the Public Employee Retirement Administration Commission (PERAC) to issue the GASB Statement No. 68 Schedules to be used by our employer units.

As you may know, GASB 68 requires nonemployer entities (the Commonwealth) to provide certain "on behalf" pension information to employer cities and towns whose teachers' pensions the Commonwealth is legally responsible for funding in a special funding situation. Previously, the MTRS provided that information under the GASB 24 reporting requirements. For FY15, that information is provided to you in accordance with GASB 68 in the accompanying report.

These on behalf payments per district can be found under the Employer Pension Expense and Revenue for Commonwealth Support column in the "SUPPLEMENTAL SCHEDULE OF SPECIAL FUNDING AMOUNTS BY EMPLOYER", starting on page 22. GASB 68, like GASB 24, requires each city or town to recognize these "on-behalf" payments as revenue and a corresponding expense and disclose the amounts recognized in your financial statements.

In addition to the amounts listed for your district under the "SUPPLEMENTAL SCHEDULE OF SPECIAL FUNDING AMOUNTS BY EMPLOYER," you should pay particular attention to NOTE 5 on page 9 and to NOTES 1 and 2 (to the Supplemental Schedules) on page 33.

Entities should consult with their auditors as to how the standard should be applied to their own financial statements, but please do not hesitate to contact Michael Rodino of the State Comptroller's Office (Michael.Rodino@MassMail.State.MA.US) or me (Sean.Neilon@trb.state.ma.us) if you have any questions or need additional information about the report or the schedules themselves.

Thank you for your ongoing support and patience as we implement this new Standard.

Sean Neilon
Assistant Executive Director